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Office of the Assistant Secretary of Defense for Sustainment

Construction

Program Areas

Installation Master Planning

Construction is the proponent for DoD policy related to installation master planning (as contained in DoD Instruction 4165.70 (PDF, 124KB), Real Property Management). "Installation master planning" is DoD's term for community or urban planning; it establishes patterns and rules for land use and development, architectural forms, and transportation networks on military installations. In addition to enhancing installation sustainability, master planning has the goal of improving life quality for installation residents, while preserving and reinforcing the installation's ability to support the defense mission.

Consistent with these goals, in May 2012 the Department released Unified Facilities Criteria (UFC) 2-100-01, Installation Master Planning. The new guidelines advocate for implementation of a comprehensive master plan to transform installations both physically and operationally.

Specific examples of transformative projects include the creation of walkable, mixed-use neighborhoods; higher-density developments; and more energy-efficient buildings.

A working group of senior master planners from Army, Navy, Air Force, and Marine Corps developed the new guidelines over an 18-month period. Development of the guidelines included extensive coordination with other architectural and engineering disciplines and review by senior installation leadership within the Pentagon.

Facility Planning, Design, and Construction

DoD's military construction (or "MilCon") program includes all work necessary to produce complete and usable facilities; or to complete usable improvements to existing facilities, in support of DoD Components. For Fiscal Year 2012, the Department received approximately \$12 billion for the design, construction, and major renovation of facilities worldwide.

The MilCon process ranges from facility planning (conducted at each installation that has a requirement for new facilities); through project programming and budgeting (in DoD Component commands and headquarters); to project design and construction (via the Department's designated design and construction agents - the Army Corps of Engineers and the Naval Facilities Engineering Command).

Construction monitors DoD's MilCon program to ensure that DoD construction agents execute MilCon projects in the most efficient and cost-effective manner possible. Specifically, Construction is responsible for:

- · Oversight of the Department's execution of statutory authorities for MilCon, as contained in chapter 169 of title 10, United States Code
- · Publication of Department policy for MilCon in DoD Directive 4270.5, Military Construction (PDF, 102KB)
- Review of Component requests for MilCon projects in the annual budget process
- · Generation of the annual draft MilCon authorization bill for submission to Congress
- · Supervision of MilCon project execution and status reporting
- · Submission of congressionally mandated reports

Facility Sustainment

DoD facilities require regularly scheduled sustainment to make sure they remain in good working order throughout their service lives. Such activities include:

- · Emergency and routine repairs
- · Regularly scheduled inspections and preventive maintenance tasks
- · Scheduled repair or replacement of major facility components as needed to maintain the facility (e.g., scheduled roof replacement; wall surface refinishing; HVAC system replacement,

Facility sustainment efforts do not include:

SUSTAINMENT OFFICES

Construction Home

- Leadership
- Library
 - Archives

Programs

- Program Areas
- New Initiatives
- Special Program Areas

Quick Links

- Facility Sustainment Model (FSM) (CAC
- Facility Sustainment Model (FSM) Products (CAC access only)
- Military Construction (MilCon) Dashboard (Coming Soon)
- BUILDER®

Helpful Links

Installation Websites

- US Army Corps of Engineers
- USMC HQ Installations & Logistics
- Naval Facilities Engineering Command (NAVFAC)
- Commander, Navy Installations Command (CNIC)
- Air Force Civil Engineer Center
- Air Force Installations, Environment, and Logistics

Legislation

- United States Code
- Congressional Publications
- Congressional Hearings
- Legislative Information (THOMAS)

Miscellaneous

- Military OneSource Relocation information
- MilitaryHOMEFRONT Relocation tools
- Financial Management Regulation (MilCon/Housing)
- Real Property Classification System (RPCS) (CAC access only)

- Activities related to Restoration or Modernization (click the link for further explanation of this distinction, or refer to DoD Regulation 7000.14)
- Repair or replacement of non-attached equipment or furniture, or building components that typically last more than 50 years (such as foundations and structural elements)
- Tasks associated with facilities operations (such as custodial services, grass cutting, landscaping, waste disposal, and the provision of central utilities)
- Environmental compliance efforts, specialized historical preservation, or costs related to 'acts of God,' all of which are funded elsewhere

The Facility Sustainment Model (FSM)

Construction's facility sustainment responsibilities focus on developing budget guidance and establishing funding benchmarks for DoD Components' sustainment efforts. To establish funding benchmarks, Construction sponsors the **Facility Sustainment Model (FSM)**, a tool that estimates annual sustainment costs for the Department's inventory of facilities, which includes all buildings, roads, airfields, ports, training ranges, utilities, and other structures.

By aggregating the estimated annual sustainment costs of DoD's individual facilities, the FSM calculates DoD's Annual Sustainment Requirement (ASR), through the current Budget and Future Years Defense Program years. For any given year, the sustainment metric is expressed as the percentage of the ASR that is funded.

Current budgeting guidance for DoD Components is to fund sustainment at a minimum of 90% of the FSM-derived requirement; however due to budgetary issues, in recent years the Department has funded sustainment at average lower levels across the enterprise.

Construction chairs the DoD panel responsible for operating and annually updating the FSM. For additional information on how individual facility sustainment costs are calculated, click here.

Recapitalization: Facility Restoration and Modernization

Facility service life is extended* through the practice of Recapitalization, which includes the restoration, modernization, or replacement of facilities or their structural components. The distinctions between Restoration and Modernization activities are as follows:

- Restoration activities intend to restore real property to such a condition that it may be used
 for its designated purpose. Such activities include repair and replacement efforts to renovate
 facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident,
 or other causes.
- Modernization activities involve the alteration or replacement of facilities solely to implement new or higher standards (including regulatory changes); to accommodate new functions; or to replace building components that typically last more than 50 years (such as foundations and structural elements).

*It is important to note that Restoration and Modernization activities are distinct from <u>Sustainment</u> activities. For further clarification on the distinctions of each term, please refer to DoD Regulation 7000.14.)

Demolition and Disposal of Excess Facilities

DoD has made significant strides to strategically eliminate excess facilities from its property inventory. It is <u>DoD policy</u> that real property with no foreseeable military use or that is not economically feasible to repair will be disposed of in accordance with applicable law, policies, guidance, and procedure. Construction provides guidance and procedures to implement this policy.

Demolition and disposal of excess or obsolete facilities serves to:

- · Reduce operating and maintenance costs
- · Eliminate potential fire and safety hazards from installations
- Remove the potential for the unauthorized use of excess facilities
- Eliminate degraded facilities that detract from the overall integrity of installations

Consistent with legal requirements, the Department uses situation-appropriate methods to eliminate obsolete, inefficient, and underutilized support infrastructure. For example, DoD may demolish and rebuild or renovate an obsolete facility to satisfy newer operational or mission requirements.

DoD Efforts to Reduce Excess Facility Inventory

The Department aggressively manages a demolition program aimed at reducing excess and obsolete facilities on its installations. In 1998, Defense Reform Initiative Directive #36 directed the Military Departments to eliminate 80 million square feet (MSF) of excess facilities by Fiscal Year (FY) 2003. The Department exceeded that objective, eliminating a total of 86.6 MSF of excess facilities.

The current phase of the demolition program was initiated in December 2004, following a comprehensive survey of DoD's excess facilities, including those controlled by the Defense Agencies and Activities. Despite funding constraints, the Defense Components achieved the Department's goal of eliminating an additional 62.3 MSF of excess facilities by the end of FY 2013. Further, as part of a renewed effort to improve space usage, consistent with the Unified Facilities Criteria on Installation Master Planning (UFC 2-100-01), the Components have identified an additional 28.6 MSF of facilities that could be demolished by FY 2019.

The Department will continue working with the Defense Components to develop and implement more effective and efficient methods of eliminating excess infrastructure. This includes more proactively managing the Department's processes to meet historic-preservation requirements; address environmental concerns; and expedite efforts intended to mitigate adverse environmental impacts. In addition, the Department will continue working with host nations to expedite the return or disposal of excess facilities in foreign countries, thereby removing such facilities from DoD's real property inventory.

Shuttering Buildings

Although only a short-term solution, in some cases it is more cost-effective to "shutter" an excess facility than to demolish it. Shuttering a building involves removing it from active use, disconnecting its utilities, and rendering it inaccessible to unauthorized personnel. Such procedures all but eliminate operating costs and keep unneeded facilities from being used for inappropriate purposes. However, while this approach saves demolition costs, it doesn't fully eliminate potential secondary problems. Left vacant and unmaintained for years, "shuttered" buildings can become eyesores and even fire or safety hazards if not kept under regular surveillance. For those reasons, shuttered buildings still ultimately need to be removed from installations.

Housing

Construction is also responsible for the development of major policies, procedures, and guidance which direct the Department's oversight and implementation of government owned and leased military housing, including both accompanied (family) and unaccompanied housing. For a comprehensive overview of the Department's housing policy, see the DoD Housing Management Manual.

What's NEW in DoD Housing? INFORMATION SHARING!

Links to Military Headquarters' Housing Websites:

- Army
- Navy
- · Air Force
- Marine Corps

Military Housing Leasing Legislation:

- · Leasing of Military Family Housing (10 USC 2828)
- Participation in Department of State Housing Pool (10 USC 2834)
- Long-term Leasing of Military Family Housing to be Constructed (10 USC 2835)
- Military Housing Rental Guarantee Program (10 USC 2836)

Leasing of Military Family Housing:

Section 2828 of title 10 United States Code authorizes the Military Departments to lease housing facilities (domestic and foreign) at or near a military installation for Military members and eligible DoD civilian employees. Cost limits for the leasing of rental housing and the criteria for the annual adjustments of those cost limits are also established under this legislation. The following memo provides the FY 2014 family housing cost limits: FY 2014 Family Housing Lease Cost Limits.pdf

DoD Housing Policy Panel (HPP) Updates:

The HPP consists of representatives from the office of Construction and the Services' Housing leaders to discuss and resolve all types of housing-related issues. During HPP's quarterly meetings, the Services can share new and best practices/tools for serving members.

Unaccompanied Military Housing

Unaccompanied Housing (UH) is also known as barracks (Army), bachelor enlisted quarters (Navy and Marine Corps), or dormitories (Air Force). There are four types of UH in which DoD personnel reside:

· Permanent Party UH - located at a member's permanent duty station

- - Training UH used for basic and specialty training and schools • Mobilization/Annual Training UH - used for reserve components

 - Deployment/Exercise UH used temporarily for contingency operations or field exercises

The Military Services determine which members are required to live in permanent party UH. Factors considered in making such a determination include the need for military indoctrination, mentoring, or team building; operational or mission requirements; housing availability; and location.

The Department strives to ensure permanent party UH meets minimum standards for size and configuration, privacy, safety and condition. UH is considered to be of adequate condition when it has a Facility Condition Index of at least 80%. Further, to be suitable for assignment or occupancy, UH should be furnished; structurally sound; and have food service options, adequate utility systems, and no serious safety hazards. For more details on DoD Unaccompanied Housing, see the DoD Housing Management Manual.

Military Family Housing

The DoD has a responsibility to ensure that eligible personnel and their families have access to affordable, quality housing, that is consistent with grade and dependent status, and that reflects contemporary community living standards. The Department satisfies these housing requirements through either the allocation of a housing allowance or the creation of an appropriate housing facility through construction or renovation.

It is DoD policy to rely on the private sector as the primary source of housing for military families, unaccompanied officers, and unaccompanied senior-enlisted personnel stationed within the U.S. In the U.S., roughly two-thirds of military families choose to use their housing allowance to rent or purchase housing in communities adjacent to military installations. The Department maintains an inventory of housing for situations in which there is not suitable, available housing in the community.

To determine whether the community adjacent to a military installation can accommodate military housing needs, the Military Services are required to perform a Housing Requirements and Market Analysis (HRMA). An HRMA assesses both the suitability and availability of the private sector's rental market, assuming specific standards related to affordability, location, features, and physical condition, as well as the housing requirements of the installation's total military population. If an HRMA determines that the local community cannot adequately meet the needs of the military community, the Military Service may elect to address the requirement through a military construction (MilCon) project; leased housing; or use of Military Housing Privatization Initiative authorities.

Government-Leased Family Housing

Section 2828 of title 10, United States Code provides DoD the authority to lease family housing in domestic and foreign locations near military installations. Leased housing is intended to be a temporary solution until a more permanent solution is approved. Service members who live in leased military housing in the U.S. forfeit their Basic Allowance for Housing (BAH), while those living in leased military housing in foreign locations forfeit their Overseas Housing Allowance (OHA).

Privatized Housing

The Military Housing Privatization Initiative (MHPI) was authorized by Congress to attract private sector financing, expertise and innovation in order to provide housing for Service members faster and more efficiently than traditional Military Construction. Under authority delegated by the Secretary of Defense, the Military Departments may enter into agreements with private developers, who are selected via a competitive process to own, construct, renovate, maintain and operate family housing on a military installation via a long-term lease.

Under the MHPI authorities, DoD works with the private sector to revitalize military family housing through a variety of financial tools, including direct loans, loan guarantees, equity investments, and the conveyance or leasing of land, housing, or other facilities. Additional information on this topic can be found under Housing.

Housing Referral

Housing referral is the Department's primary means of helping Service members find adequate private sector housing. Since 1967, DoD also has used housing referral services to ensure that Service members receive equal opportunity access to private sector housing.

Each installation's Military Housing Office (MHO) uses a wide range of housing referral methods and tools to provide services similar to those provided by civilian real estate and relocation assistance agencies. MHOs assist Service members in such areas as home sales and purchases; location of rental housing; landlord/tenant disputes; rental negotiations; housing discrimination complaints; and 3/3/23, 12:38 PM

relocation assistance for permanent change of station moves.

Rental Partnership Program

One important tool that DoD uses for housing referral is the Department's Rental Partnership Program (RPP). Under the program, the U.S. Government enters into partnership agreements with local landlords to offer Service members rental benefits beyond what other tenants might receive. Typical benefits include waivers of security or utility deposits; waivers of credit checks or application fees; and discounts on market rental rates. RPP partnership agreements are negotiated by an installation's Military Housing Office (MHO), and each MHO tailors rental partnership agreements to meet the specific needs of its installation's Service members.

Homeowners Assistance Program (HAP)

Construction provides policy guidance and oversight of DoD's Homeowner's Assistance Program (HAP), which was established to assist eligible Service members and civilian DoD employee homeowners who have been financially impacted by downturns in real estate markets due to the closure or reduction-in-scope of operations at a military installation. The HAP also benefits Service members that have incurred a wound, injury, or illness (with a 30% or greater disability) in the line of duty, and surviving spouses of fallen warriors. Currently, HAP applications are only being accepted from Wounded, Ill, or Injured and Surviving Spouse applicants. The Department of the Army is DoD's Executive Agent for the HAP, and the Headquarters, U.S. Army Corps of Engineers administers the program.

The Making Home Affordable (MHA) Program

Service members and civilians seeking further information on Federal homeowner assistance programs are encouraged to consider the Making Home Affordable (MHA) program. Although not administered by DoD, the MHA program is part of a broad U.S. Government strategy to help homeowners avoid foreclosure, stabilize the country's housing market, and improve the Nation's economy. To those ends, MHA presents a variety of options to assist homeowners who may be having difficulty making mortgage payments. Additionally, MHA has program areas specifically geared toward Service members.

Overseas Installations

To implement its global missions, the Department of Defense maintains sites and installations in nearly 40 countries. In addition to the previous roles of overseeing construction and maintenance of the worldwide inventory of facilities, Construction is also responsible for developing policy guidance and issue resolution regarding the disposition of facilities returned to host nations, consistent with U.S. laws and all applicable international agreements. In addition, Construction oversees the processes for determining and reporting of residual value assessments of returned facilities.

Residual Value/Payment-in-Kind (RV/PIK) Negotiation

When the U.S. returns an overseas installation or site to a host nation, in most cases, DoD must seek compensation for the **residual value** (RV) of U.S.-funded improvements that were made to the property, such as the construction, modernization, or repair of housing, runways, hangars, commissaries, community centers, etc.

Because many nations remain in a period of budgetary austerity, monetary payments for residual value are rare. As an alternative reimbursement strategy, Congress authorized the use of **payment-in-kind** (PIK) in lieu of cash payments. PIK is credit provided by a host nation that allows the U.S. to build, repair, or modernize its facilities in the host country. PIK is agreeable to both the U.S. and the host nation because it provides needed U.S. facilities while supporting the host nation's construction industry.

The requirement to seek residual value does not apply to temporary facilities acquired, constructed, or controlled by DoD in areas with no long-term U.S. presence during the conduct of, or in support of, planned or ongoing contingency operations; or property leased from private parties. Both Residual Value and Payment-in-Kind negotiations are assessed on a case-by-case basis.

Host Nation Support

In some instances, our allies help sustain regional and global security through their support of stationed U.S. forces. Installation and operational costs are shared between the U.S. and host nations either directly or indirectly.

Direct cost sharing includes, but is not limited to, costs borne by host nations in support of stationed U.S. forces, for rents on privately owned land and facilities; facility improvements; labor; and utilities. Indirect cost sharing includes reduced or waived rents on government-owned land and

facilities used by U.S. forces; tax concessions; and waived customs duties. Current allies that contribute financial support include Germany, Japan, Korea, and Kuwait. Negotiations for host nation support are conducted on a case-by-case basis.

Host Nation Funded Construction

One of the chief methods through which host nations share the cost of stationed U.S. forces is through **Host Nation Funded Construction** (HNFC). There are currently several major ongoing HNFC programs in Japan and Korea. Construction's responsibility is to ensure that before seeking Deputy Under Secretary of Defense (Installations and Environment) (DUSD(I&E)) approval, proposed construction projects are executable; reasonably priced and scoped; and most importantly, that they support theater commanders' highest priorities. To ensure the optimization of HNFC resources, Construction reviews projects submitted by U.S. Forces Korea and U.S. Forces Japan through U.S. Pacific Command, endorsing the most mission-essential facilities and infrastructure projects.

Host Nation Funded Construction Projects in Japan Japan Facilities Improvement Program (JFIP)

The JFIP is the host nation funded construction program that supports the U.S. facilities construction requirement in Japan. JFIP was initiated in 1978 to improve the conditions of deteriorated U.S. housing and to reduce the impact on the communities surrounding U.S. military installations in Japan.

The current Special Measures Agreement (SMA) with Government of Japan (GoJ) for JFIP entered into force on April 1, 2011. It is a five year agreement (Japanese Fiscal Years 2011-2015), that provides an annual funding contribution of no less than 20.6 billion yen (approximately \$206 million) per year. Under this SMA, the U.S. provides GOJ with a priority project list, as approved by the DUSD(I&E), which GOJ accommodates, taking into account both the local community and future relocation plans.

The JFIP does not fund construction of recreational, entertainment, or revenue-generating facilities; or projects that GOJ perceives are in support of offensive, rather than defensive, military operations.

Defense Policy Review Initiative (DPRI)/ Special Action Committee on Okinawa (SACO)

The Government of Japan supports U.S. military realignment efforts in Japan primarily through two bilateral agreements: the Special Action Committee on Okinawa (SACO) and the Defense Policy Review Initiative (DPRI). Construction projects for these programs are provided as in-kind projects, and include:

- Consolidation and realignment of U.S. Military installations in Okinawa through construction
 of the Futenma Replacement Facility; force reductions and relocation to Guam; and land
 returns and shared use of facilities
- Transformation of US Army Command and Control Capability through relocation to Camp Zama of the Japan Ground Self-Defense Force/Central Readiness Force Headquarters
- Relocation of Japan Air Self-Defense Force/Air Defense Command and establishment of the Bilateral Joint Operations Coordination Center (BJOCC) at Yokota Air Base
- Relocation of Carrier Air Wing from Atsugi Air Facility to Marine Corps Air Station Iwakuni

Host Nation Funded Construction Projects in Korea Republic of Korea Funded Construction (ROKFC)

A host-nation funded construction program was established in Korea in the late 1970s as the Combined Defense Improvement Projects (CDIP) program. CDIP projects were primarily "in-kind," designed by the US Army Corps of Engineers (USACE) and constructed by the ROK government, to develop or construct facilities for joint-use; command and control; or warfighting/mission-readiness capabilities. The Republic of Korea Funded Construction (ROKFC) program commenced in 1991 under a Special Measures Agreement (SMA) and provided cash funding to U.S. Forces Korea (USFK) for quality-of-life, mission support, utilities, and warfighting projects.

The SMA of 2002-2004 created, as a subset of ROKFC, an entirely in-kind program in which both the design and construction of facilities supporting U.S. operations are executed by the ROK. The program is called ROKFC In-Kind.

Current ROKFC, under the SMA covering Calendar Years (CY) 2009-2013, consolidated CDIP and ROKFC programs into a single program. The current ROKFC program provides 88% in-kind construction, administered by the ROK Ministry of National Defense (MND), and 12% cash contribution to USFK for project design and oversight. The funding level for CY 2012 is about \$377 million. USFK selects and prioritizes ROKFC projects based on military needs. Projects are then reviewed and approved by the Deputy Under Secretary of Defense (Installations & Environment), and finally, submitted to the ROK MND for construction. ROKFC cannot be used to construct,

expand, repair, or manage recreation facilities such as clubs, golf courses, theaters, and bowling alleys.

Yongsan Relocation Plan (YRP)/Land Partnership Plan (LPP)

The governments of the Republic of Korea and the United States have signed bilateral agreements to consolidate and relocate U.S. Forces in Korea into enduring hubs south of Seoul. The consolidation and relocation is enabled by two major agreements: the Yongsan Relocation Plan (YRP) and the Land Partnership Plan (LPP).

The YRP agreement of 2004 relocates most U.S. forces and United Nations Command Headquarters activities from the Seoul Metropolitan Area to U.S. Army Garrison (USAG) Humphreys. Funds required for land, facilities, moving services, and other expenses directly related to the YRP are provided by the ROK government. The relocations should be completed in 2016.

The LPP agreement, signed in 2002 and amended in 2004, consolidates and relocates forces outside of Seoul into two major hubs, USAG Humphreys/Osan Air Base and USAG Daegu areas; provides U.S. forces with dedicated time on Korean training areas and ranges; and ensures that safety easements are provided and enforced. The relocations should be completed in 2016.

NATO Security Investment Program (NSIP)

The NATO Security Investment Program (NSIP) is another form of ally contribution sharing program that finances a wide variety of NATO support functions. It differs from ally contribution programs in Japan and Korea, in that 27 different countries contribute funding (based on their ability to pay) to provide the minimum fixed and mobile infrastructure necessary to support NATO's crisis-response, peace support, threat deterrence, and wartime operations, as well as training requirements unique to NATO. The U.S. contribution in the last five years has been about \$250 million.

Projects for which NSIP provides funding include command, control, communications, and information hardware and software; logistics activities; harbors and airfields; training installations; transportation; and storage facilities for equipment, fuel, and munitions. In turn, such projects provide for:

- · Operational facilities to support active NATO military operations
- · Operational facility needs of U.S. Military Forces based in Europe
- · Facilities that enable U.S. reinforcement in Europe and transit through Europe for other
- · Integrated and deployable air defense and missile defense systems for the protection of U.S. and Allied Forces

NSIP project funding is determined and prioritized by the NATO Strategic Commanders.

Congressional Reporting

Because Construction is responsible for the fiscal oversight of over 555,000 DoD facilities, it is held to a high standard of accountability. Consequently, the office regularly submits to Congress reports detailing the facility programs within its purview.

MilCon Status Report

One of Construction's most widely read reports is the military construction (MilCon) status report. As provided under section 2851 of title 10, United States Code, the Secretary of Defense, represented by Construction, generates a monthly online report detailing the status of DoD's MilCon projects worldwide.

Program-Specific Reports

In addition to the MilCon Status Report, Construction also regularly reports to Congress on issues relating to Construction's other program areas. Over the past several years, Construction has generated reports to Congress on the following:

- · Report on DoD Contract Guards
- · Budget Models for Base Operations Support, Sustainment, and Recapitalization
- · Alkali-Aggregate Damage to Airfield Pavements
- DoD's Homeowners Assistance Program (HAP)
- Installation Master Plans
- Technologies to Achieve Progressive Collapse Resistance
- · BRAC and Inflation Estimates
- · Implementation of LEED Standard
- · MilCon Pricing Inequities
- Design-Build Early Start Demonstration Program

Government-Owned Unaccompanied Housing

These and additional reports can be found in the Construction Library.

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For technical assistance contact the A&S Webmaster at OSD.ATL-Webmaster@mail.mil

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